*In pursuing malls, Playland will compete with two giants**			
	Playland	Kay Bee	Circus World
# of stores	39	456	179
Sales (000 omitted)	$18,800	$281,100	$73,400

*figures as of Jan. 31, 1984 Source: *Chain Store Age* research

about 25% of the mix with the rest being basic toys. Electronic items—especially in view of the recent shakeouts in the industry—are avoided altogether.

Playland units are generally not as promotional as other mall operations. Current fad items are usually featured at the front entrance. The stores are set up with four main aisles running front to back. The right wall features a 12 to 16 ft. character wall where lines like Cabbage Patch or Smurf are grouped together. This display changes as newer lines gain popularity or to make way for seasonal items. Currently, the wall is well stocked with Halloween merchandise.

The left wall is targeted to girls with dolls and accessories shown together. Merchandise is stacked to the top of the 72-in. gondolas to give consumers a wide range of choices. The average 3,700-sq.-ft. stores stock about 3,500 skus.

Playland is "an uncommonly profitable operation," says Lilly, who estimates that this year sales per store should hit $560,000 with sales per square foot totaling $151. Gross margins are an enviable 42%, and Playland should contribute $1.7 million to Greenman's bottom line this year. Lilly adds that the company could easily have 200 stores by the end of the decade.

Toy retailing is not new to the company. During the 60's Greenman leased toy departments at several New York regional discounters who had become disenchanted with lower than expected margins on toys. "We had a peak of 50 leased departments," says Katz, "but many of those regional chains are no longer in business." The company still operates six leased departments in Modell's Shoppers World on Long Island.

During the 70's the company was an innovator in the toy supermarket concept. The 200,000-plus square foot Playworld stores expanded to 20 units, but the roll out by Toys "R" Us and Child World spelled a death knell for the chain. Six are still in operation. The leased departments and Playworld account for about 12% of corporate sales and will probably become less significant as Playland develops.

As for the future, Katz says there are no immediate plans to add other retail segments. "We've looked at the possibility of specialty housewares stores," Katz says, "but we've no real plans so far." Some housewares and stationery items are included in the mix at larger

We deliver more

Tommee Tippee® and Playskool® now bring you

© 1985 Tommee Tippee Playskool, a subsidiary of Hasbro Bradley, Inc.

Playworld locations.

The growth vehicle now, however, is Playland. "The thrust of our direction is Playland," says Yankey. "We've gotten the formula and now it's easy to expand the cookie cutter pattern." □

Who's who in the changing toy game

Any buyer who has trudged through level after level and showroom after showroom at Toy Fair might relish the thought of only having to visit a few dozen showrooms instead of hundreds.

While this dream is farfetched (at least for the moment), the toy industry has been undergoing some major consolidations recently, for the first time since the 60's when both General Mills and Quaker Oats acquired toy manufacturers.

During the first half of '84, another wave of mergers has changed the face of the industry. The biggest has been the acquisition of Milton Bradley, the venerable board game, puzzle and preschool manufacturer, by Hasbro, the home of G.I. Joe and other hot licensed properties.

The newly formed Hasbro Bradley Inc. will be the No. 2 independent power in the toy trade with annual sales in excess of $800 million.

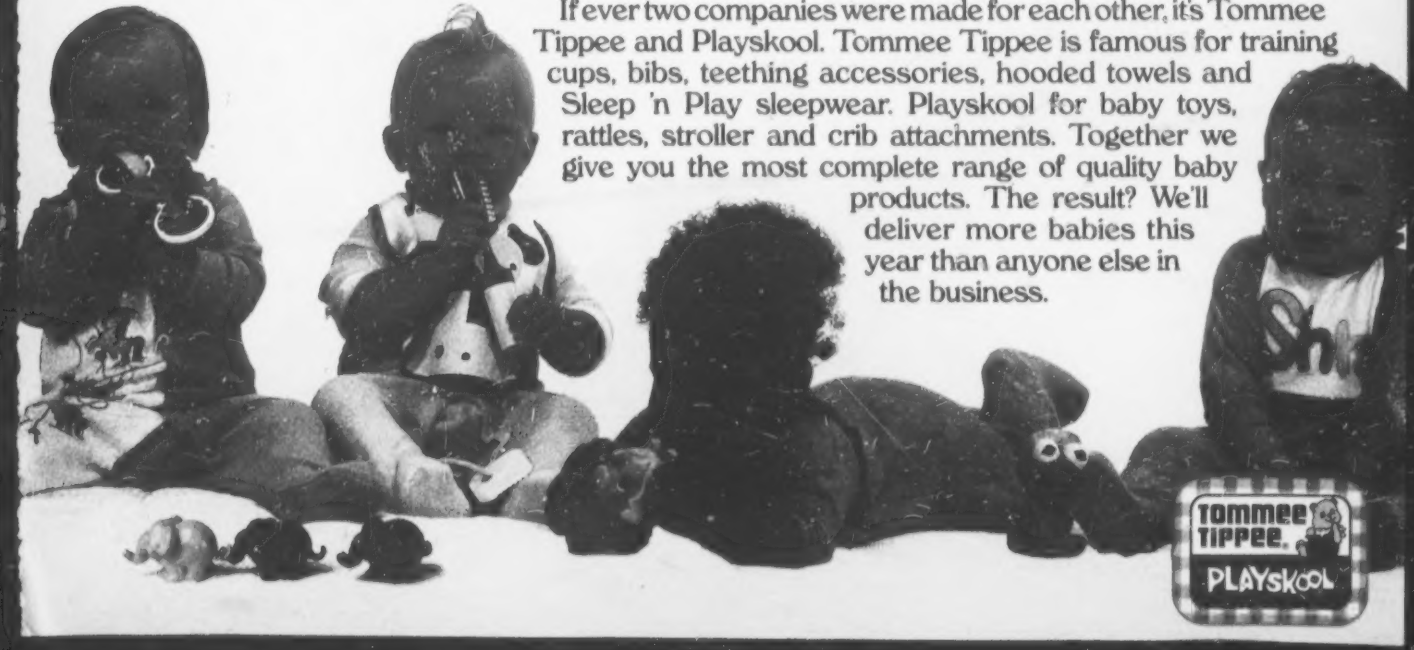
"The merger puts us into games and puzzles, which are often more stable than promotional toys," says Alfred Verrecchia, Hasbro senior vp/finance. "Plus Milton Bradley has strong international distribution lines which we can now fully utilize. Finally, by combining their Playskool line with our preschool toys, we'll have a more emphatic presence in this important segment."

Trade sources note the combination will provide excellent grounds for supporting Hasbro's licensed

***Hasbro Bradley Inc.** will play a lucrative licensing game.*

babies than anyone.

a bigger, better, more balanced baby business.


If ever two companies were made for each other, it's Tommee Tippee and Playskool. Tommee Tippee is famous for training cups, bibs, teething accessories, hooded towels and Sleep 'n Play sleepwear. Playskool for baby toys, rattles, stroller and crib attachments. Together we give you the most complete range of quality baby products. The result? We'll deliver more babies this year than anyone else in the business.
Tommee Tippee
PLAYSKOOL

Earnings gains soften in second quarter

	2nd quarter (000 omitted)			1st half (000 omitted)		
	1983	1984	% change	1983	1984	% change
Penney[1]	55,000	49,000	– 10.9	113,000	118,000	+ 4.4
Sears[2,3]	124,500	155,800	+ 25.1	111,800	181,700	+ 62.5
Ward	4,000	2,000	– 50.0	(15,000)	(1,000)	—
Subtotal	183,500	206,800	+ 12.7	209,800	298,700	+ 42.4
K mart	117,700	144,400	+ 22.7	162,300	202,400	+ 24.7
C. C. Murphy	4,675	4,717	+ 0.9	6,377	6,950	+ 9.0
Rose's	4,848	5,812	+ 19.9	7,859	9,505	+ 20.9
SCOA[2] (Hills)	3,785	2,453	– 35.2	3,888	3,579	– 7.9
Wal-Mart	41,475	58,964	+ 42.2	68,978	102,607	+ 48.8
Woolworth[1,2]	16,000	19,000	+ 18.8	17,000	23,000	+ 35.3
Zayre	8,894	12,435	+ 39.8	15,562	23,036	+ 48.0
Subtotal	197,377	247,781	+ 25.5	281,964	371,077	+ 31.6
Allied	16,087	16,714	+ 3.9	29,176	31,446	+ 7.8
Associated Dry Goods	17,407	18,387	+ 5.6	20,816	23,461	+ 12.7
Carter Hawley Hale[4]	4,670	39,546	+746.8	10,875	48,085	+342.2
Dayton Hudson[1]	36,113	39,103	+ 8.3	58,794	67,503	+ 14.8
Federated	40,610	35,033	– 13.7	83,596	70,843	– 15.3
May Co.	31,000	37,000	+ 19.4	51,200	64,500	+ 26.0
Mercantile	12,347	12,085	– 2.1	24,329	26,394	+ 8.5
Subtotal	158,234	197,868	+ 25.0	278,786	332,232	+ 19.2
Gale National	931	1,811	+ 94.5	321	2,080	+548.0
Oshman's	2,035	1,708	– 16.1	1,970	1,767	– 10.3
Toys "R" Us	7,100	11,600	+ 63.4	12,500	21,200	+ 69.6
Subtotal	10,066	15,119	+ 50.2	14,791	25,047	+ 69.3
The Gap	1,653	78	– 95.3	3,353	755	– 77.5
The Limited	15,768	16,888	+ 7.1	25,873	30,493	+ 18.8
Edison Bros.	9,300	5,600	– 39.8	16,800	15,600	– 7.1
Subtotal	26,726	22,566	– 15.6	46,826	46,848	+ 2.2
Syms	3,035	3,420	+ 12.7	4,024	4,761	+ 18.3
Clothes Time	1,232	1,918	+ 55.7	1,067	1,447	+ 35.6
Subtotal	4,267	5,338	+ 25.1	5,091	6,208	+ 21.9
Total	580,170	695,472	+ 19.9	836,258	1,080,112	+ 29.2

[1]Continuing operations only.
[2]Consolidated operations only.
[3]U.S. merchandising only.
[4]Includes a nonrecurring gain of $63,100,000 from the sale of Waldenbooks.
( ) indicates loss.
Source: *Chain Store Age* research

Margin pressure lifts quarterly $$$

Second quarter results show that retailers continue to push profits up by pressuring gross margins. While not as dramatic as first quarter increases of 49.9%, second quarter income rose 19.9% for the 25 chains tracked by *Chain Store Age*. Net income for the first half year grew by 29.2%. These results are in comparison with the strong earnings reports during the same period in 1983.

During the second quarter, retailers struggled to maintain the gross margins achieved over the first 13 weeks in '84 by exerting tight controls on inventories. K mart held the line at 28.8% while some other general merchandisers declined.

Woolworth slipped from 32.8% to 32.6% and Zayre's declined from 24% to 23.1%. Large summer markdowns at Hit or Miss were the primary causes at Zayres.

Overall, first half-year gross margins showed improvements over 1983, particularly at those general merchandisers who are upscaling their stores. For example, K mart rose to 28.8% from 27.5% during that time span. Chairman Bernard Fauber says, "The continued strong economy provided a receptive climate for the introduction of the new merchandising programs."

Additionally, J. C. Penney increased from 32.6% to 33%, despite a tough second quarter in which margins fell to 32% from 34.1%. After reducing seasonal merchandise in the second quarter, chairman William Howell says, "We are well positioned with updated merchandise for the all-important fall and holiday seasons, and we expect that our performance in the last half of the year will produce record results for 1984 as a whole."

ONECARD: The total credit card?

The man who gave the world the MasterCharge credit system is again out to revolutionize the way we pay for goods and services. His vehicle this time: ONECARD International, a network which pulls together the many bank and retailer charge cards under a single card.

According to Dr. Melvin Salveson, creator of the new system, ONECARD holders will be able to access all of their retailer and bank credit accounts and call up medical and insurance records in cases of emergency. The card will allow consumers to perform transactions ranging from credit card purchases to electronic funds transfer.

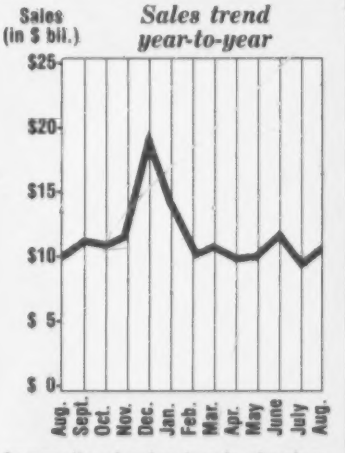
In addition to the convenience the system will provide consumers, ONECARD will offer several benefits to retailers, says Salveson. The network is described as virtually fraud proof because consumers will have to use a personal identification number in conjunction with the card. ONECARD will provide retailers with instant credit information on customers, reduce billing costs and improve cash flow, according to Salveson.

To participate in the system, which is scheduled to begin operating in first quarter 1985, retailers will need to install point-of-sale systems provided by ONECARD, headquartered in Los Angeles. Once on the system, stores will be assessed transaction fees ranging from 10¢ for check guarantees to 35¢ for each instant credit check.

Back-to-school boosts August sales

Olympic television watching in early August kept millions of evening shoppers at home and depressed sales in the month's first two weeks. However, the 3%-5% sales gains reported by many retailers in the first half of the month were more than offset by brisk back-to-school activity in the last two weeks.

The 25 chains tracked by *Chain Store Age* posted sales gains of 9.6% for August and 11.4% for the now seven-month-old fiscal year. Because of the unusual effect of the Olympics and varying back-to-school dates around the nation,



Composite of sales trends showing month-to-month sales volume for the 25 retail companies tracked by *CSA*.

combined August-September figures should provide a more accurate harbinger of fourth quarter performance.

Sears, the nation's largest retailer, marked a modest 5.4% monthly gain, but overall sales performance was hampered by a 12.6% drop for Sears Canada. United States volume rose 8.1%.

K mart continued its belated enjoyment of the economic recovery. August's 8.7% sales increase for K mart stores marked the second consecutive month in which monthly performance outpaced year-to-date figures. K mart's August totals are also the first representing sales from the recently acquired Waldenbooks. With figures for the book retailing chain included, K mart posted an 11% monthly gain.

Even without Waldenbooks, Carter Hawley Hale continues its sales surge unabated. August sales jumped 21.8%, slightly above its 21.1% year-to-date pace. R. H. Macy reported a 13.3% gain and store-for-store results up 9.7%. Comparable-store figures for Dayton Hudson were up 5.7% in August. Mercantile posted a 9% store-for-store gain.

August's only sales losers were The Gap and Tandy. The Gap's sales were off 10.7%, while Tandy marked a 1.7% decrease. Sales for Tandy's United States Radio Shack division declined 5%, while comparable store performance fell 6% during August.

Late August sales rebound

		August sales*		Stores		7-mo sales*		
Major chains	% change	1984	1983	1984	1983	1984	1983	% change
Sears[1,5]	+ 5.4	1,995,000	1,892,000	880	892	14,163,000	13,382,000	+ 5.8
Penney	+ 8.8	944,000	868,000	2,018	2,027	6,220,000	5,350,000	+ 16.1
Ward[1]	+ 8.6	471,065	433,853	377	376	3,370,639	3,049,170	+ 10.5
Federated[4]	+ 9.7	558,400	509,000	431	404	3,953,700	3,540,600	+ 11.7
Dayton Hudson	+ 13.1	583,467	515,843	1,124	1,052	3,900,229	3,355,467	+ 16.2
May Dept. Stores	+ 12.2	327,500	291,800	1,676	1,530	2,319,200	2,037,300	+ 13.8
R. H. Macy	+ 13.3	310,400	273,900	94	91	2,138,200	1,863,400	+ 14.7
Allied Stores	+ 6.0	264,400	249,400	584	556	1,979,000	1,809,900	+ 9.3
Carter Hawley Hale	+ 21.8	257,700	211,500	257	239	1,854,100	1,530,800	+ 21.1
Associated Dry Goods	+ 7.3	260,200	242,500	327	319	1,993,000	1,702,000	+ 17.1
Mercantile	+ 6.3	135,757	127,766	79	85	855,518	799,949	+ 6.9
K mart	+ 11.0	1,531,437	1,379,523	3,442	2,488	10,760,500	9,993,572	+ 7.7
Woolworth	+ 2.2	423,033	413,728	N/A	N/A	2,981,971	2,820,708	+ 5.7
Wal-Mart	+ 36.7	551,000	403,000	699	611	3,295,000	2,356,000	+ 39.8
Household Merch.[2]	+ 1.2	404,105	399,206	N/A	N/A	3,001,806	2,925,120	+ 2.6
T.G. & Y.	− 11.3	142,655	160,847	764	834	1,085,750	1,053,822	+ 3.0
Zayre[3]	+ 17.7	235,362	199,901	798	697	1,562,220	1,291,768	+ 20.9
Bradlees	+ 5.3	99,000	94,000	130	112	683,000	538,000	+ 27.0
Murphy	+ 3.9	62,061	59,714	387	409	476,431	451,749	+ 5.5
Rose's	+ 7.5	81,319	75,627	192	243	492,121	432,430	+ 13.8
Heck's	+ 3.5	38,000	36,700	123	119	239,607	225,344	+ 6.3
Jamesway	+ 9.0	34,858	31,965	79	77	236,764	210,724	+ 12.4
Melville	+ 10.7	352,056	318,546	5,306	5,673	2,542,109	2,198,861	+ 15.6
Tandy	− 1.7	203,171	206,720	N/A	N/A	1,427,016	1,365,516	+ 4.5
Edison Bros.	+ 17.3	92,900	79,200	N/A	N/A	618,277	562,981	+ 9.8
The Gap	− 10.7	47,800	53,500	602	562	251,300	232,400	+ 8.1
Total & Averages	+ 9.6	10,263,991	9,366,892	—	—	71,314,708	64,025,759	+ 11.4

*000 omitted. N.C. = no change. N/A = not available.
[1]Store number for full-line outlets only. [2]Includes Von's and T.G. & Y. sales. [3]Includes 278 Zayre stores (vs. 271 a year ago), 382 Hit or Miss stores (vs. 321, and 138 T. J. Maxx stores (vs. 105). [4]Excludes supermarket sales. [5]Includes results from Sears Canada.

CHH debt rating lowered to Baa3

Carter Hawley Hale continues to pay the price for its successful, but expensive, defense of The Limited's attempted takeover. Moody's Investors Service lowered CHH senior debt ratings from Baa2 to Baa3 in late August. The change affects $435.5 million of senior debt. Rating for commercial paper was also dropped from Prime-2 to Prime-3.

Though the recent sale of Waldenbooks to K mart paid back short-term debt incurred in buying back $470 million in common stock last spring, Moody's considers that $300 million of convertible preferred stock sold to General Cinema raised capitalization ratios and reduced total charge protection.

According to Moody's, high debt and capital spending requirements, and the preferred dividend, could put pressure on future cash flows.